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All eyes are on Tesla's earnings

By Keith Laing (excerpt)
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Auto industry observers and financial analysts will closely watch Tesla Inc.'s second-quarter earnings report Wednesday for signs the financially challenged company has staunch record losses that have sapped its cash reserves.

The earnings will be announced after financial markets close for the day. The earnings call will take place amid ongoing friction between Tesla CEO Elon Musk and the financial analysts and reporters who saw him dismiss tough questions as "boring" and "dry" during the Silicon Valley carmaker's first-quarter earnings call.

Tesla reported a \$709.6 million loss in the first quarter of 2018, more than double what it lost in the same period a year ago, and it burned through \$745.3 million in the first three months of the year. The results came just more than a month after Musk tweeted an April Fools' joke that his company had gone bankrupt.

David Kudla, CEO of Grand Blanc-based Mainstay Capital Management LLC, said the numbers are likely to be bad again for Tesla.

"Why does Tesla announce they are considering a facility in Europe just days before their earnings report? A facility to meet what demand? This is more Musk fantasy and PR tomfoolery," he said.

"Tesla selling 'limited-edition surf boards' before earnings report? Another PR stunt distraction," Kudla continued. "Last quarter's losses were Tesla's worst. It will be bad again this quarter. It is not a question of if, but when, Tesla will be going back to the capital markets to raise cash." ...

... Kudla said Tesla also is facing complaints about the quality of its cars.

"More and more people are complaining about the quality of their Tesla," he said. "As predicted, we are moving from production hell to warranty service

hell. A recent study showed that in the first 30 days of ownership, there were at least one complaint of defects on 62 percent of Model 3 vehicles. And, 51 percent had one or more service center visits.

Kudla continued: "Musk will surely brag about the M3 weekly production numbers, but we now have real concerns about the actual demand, cost to produce, quality, and competition on the horizon. In their frenzy to meet self-imposed production targets, you have to wonder at what cost were these goals met and at what expense to quality and safety."

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